

## Message Text

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ORIGIN EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00 COME-00  
INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03  
OMB-01 /059 R

DRAFTED BY EB/OT/TA:JRCUNNINGHAM  
APPROVED BY EB/ITP:SAHMAD  
COMM:WPENYOYAR  
USDA:RETHINGTON  
EA/J:HCOCHRAN  
EB/TA:MSOUTHWICK  
LABOR:HFIEKOWSKY (INFO)  
STR:DCOOPER(INFO)

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R 152331Z JUL 78  
FM SECSTATE WASHDC  
TO AMEMBASSY TOKYO  
USMISSION GENEVA

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MTN

E.O. 11652: N/A

TAGS: JA, ETRD

SUBJECT:STRAUSS-USHIBA STATEMENT - FOREST PRODUCTS

REF: (A) STATE 144587 (B) TOKYO 10997 (C) TOKYO 11562  
(D) GENEVA 10111

1. AT FINAL SESSION IN PORTLAND JUNE 29 JAPANESE  
FOREST PRODUCTS DELEGATION EXPRESSED SATISFACTION WITH  
VISIT. THEY AGREED TO GIVE EARLY CONSIDERATION TO US  
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PROPOSALS FOR BILATERAL GOV. TO GOV. COMMISSION ON TRADE  
IN FOREST PRODUCTS AND FOR A JOINT, GOVERNMENT RECOGNIZED,  
PRIVATE SECTOR HOUSING COMMITTEE. DURING SWING THROUGH  
US, GROUP VISITED PANELIZED AND MODULAR HOME PLANTS,  
TREE RESEARCH AND NURSERY FACILITY, SEVERAL EXPERIMENTAL  
FORESTS, REFORESTATION PROJECTS, A NUMBER OF BUILDING  
SITES AND THREE MILLS. THEY ALSO PARTICIPATED IN A

PRIVATE SECTOR DISCUSSION IN WHICH OREGON PARTICIPANT  
FOCUSED ON POSSIBLE FUTURE PROBLEMS IN TIMBER AVAILABILITY  
FROM US.

2. VISIT OPENED AT 8:15 JUNE 20 WITH WELCOMING SPEECH  
BY DEPUTY STR ALAN WOLFF, WHO REAFFIRMED US INTERESTS IN  
UPGRADING TRADE IN FOREST PRODUCTS AND INDICATED US MUST  
SEE PROGRESS IN NEAR FUTURE. DURING ALL DAY SESSION GROUP  
COVERED ALL POINTS OUTLINED IN REFS (A) AND (B) AND  
WATCHED FILM ON JAPANESE FOREST PRACTICES. REPORT ON  
MEETING FOLLOWS SEPTEL.

3. SECOND DAY, JAPANESE GROUP SPLIT WITH HALF (MAFF)  
SPENDING DAY AT NATIONAL FOREST PRODUCTS ASSN. AND HALF  
(MOC) AT NATIONAL ASSOCIATION OF HOME BUILDERS IN MORNING  
WITH TOURS OF CONSTRUCTION SITES IN AFTERNOON.

4. ON THURSDAY, GROUP MET AT FOREST PRODUCTS LAB IN  
MADISON FOR TECHNICAL DISCUSSION ON LUMBER, PLYWOOD AND  
WOOD-FRAME HOUSING WITH SMALL SPLINTER GROUP-  
MATSUTANI AND 4 OTHERS-TOURING HOME SITES. FRIDAY,  
FOLLOWING CALL ON GOVERNOR OF WISCONSIN, WHO ANNOUNCED  
HE WOULD VISIT JAPAN NEXT YEAR, GROUP TOURED WICK  
INDUSTRIES PANELIZED HOME PLANT.

5. IN BOISE, GOVERNOR HOSTED ELABORATE DINNER NIGHT  
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OF 25TH. MONDAY GROUP TOURED BOISE CASCADE MODULAR  
HOME PLANT AND VISITED MOUNTAIN SITE WHERE MODULES ARE  
ASSEMBLED IN CONDOMINIUM ARRANGEMENT.

6. PROGRAM IN WASHINGTON STATE FOCUSED ON EFFORTS  
BEING MADE BY STATE DEPARTMENT OF NATURAL RESOURCES  
AND PRIVATE FIRMS TO ENSURE STEADY FUTURE SUPPLY  
OF TIMBER. GROUP WAS SHOWN NATURAL AND REFORESTED  
TIMBER IN SEVERAL STAGES OF GROWTH AND A PRIVATE  
(WEYERHAEUSER) FACILITY DEVOTED TO DEVELOPMENT OF  
FASTER MATURING TREES. TOUR CONCLUDED WITH VISIT TO  
NEW I.T.T.RAYONIER SAWMILL IN ABERDEEN WHICH IS CUTTING  
JAPANESE SIZES.

7. OREGON VISIT BEGAN WITH LUNCHEON AT WHICH ASST.  
STATE FORESTER PAINTED GLOOMY PICTURE OF FUTURE TIMBER  
SUPPLY SITUATION. DURING MEETING WHICH FOLLOWED OREGON  
REPRESENTATIVES FOCUSED ON NEED FOR JAPANESE TO BEGIN  
PURCHASES OF MORE HIGHLY PROCESSED PRODUCTS. OREGON  
SPEAKER (GOLDE) ASSURED JAPANESE THAT WHILE OVERALL  
TIMBER SUPPLY IS DECLINING, OREGON CAN BE ARELIABLE  
SUPPLIER OF MORE HIGHLY PROCESSED END PRODUCTS. AT

DINNER THAT EVENING GOVERNOR REITERATED THEME THAT JAPAN MUST BUY MORE HIGHLY PROCESSED PRODUCTS. SECOND DAY WAS LARGELY DEVOTED TO TOURS OF GENERALLY EXPENSIVE HOMES - AND TWO MILLES, ONE CUTTING JAPANESE SIZES (BABY SQUARE) AND ONE DIMENSION MILL.

8. AT WRAP UP SESSION EVENING OF 29TH LIMITED TO PARTICIPANTS FROM THREE STATES, PNRC, 3 FEDERAL AGENCIES AND 8 FROM GOJ, JAPANESE INDICATED THEY OBTAINED A BETTER UNDERSTANDING OF BOTH SUPPLY SITUATION IN US

CLARIFIED ITS INTEREST IN ESTABLISHMENT OF TWO SEPARATE BUT RELATED COMMISSIONS: THE FIRST, AT A GOV. TO GOV. LEVEL, A COMMISSION TO CONTINUE DISCUSSION OF LIMITED OFFICIAL USE

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ALL ISSUES RELATING TO TRADE IN FOREST PRODUCTS; THE SECOND, CALLED A JOINT HOUSING COMMISSION, WHICH WOULD BE RECOGNIZED AND SUPPORTED BY BOTH GOVERNMENTS TO FOCUS ON WAYS US SUPPLIERS CAN FIND AND MEET NEEDS OF JAPANESE CONSTRUCTION INDUSTRY. NO PROPOSAL FOR FIRST GROUP WAS PROVIDED, BUT A DETAILED PROPOSAL IS NOW BEING DEVELOPED IN WASHINGTON AND WILL BE SENT TO EMBASSY FOR COMMENT. US SIDE AGREED THAT FORMAL PROPOSAL WILL BE MADE THROUGH DIPLOMATIC CHANNELS IN VERY NEAR FUTURE TO ENABLE PROPOSAL TO HAVE PASSED PRELIMINARY STAGE BEFORE OCTOBER STRAUSS-USHIBA REVIEW. PROPOSAL FOR JOINT HOUSING COMMISSION WAS BASED UPON PNRC DRAFT. JAPANESE WERE ASKED TO COMMENT ON DRAFT BUT IT IS UNCERTAIN IF THEY WILL RESPOND PRIOR TO RECEIPT OF PROPOSAL FOR GOV. TO GOV. GROUP. A COPY OF PNRC PROPOSAL WILL BE SENT SEPTEL.

9. FOLLOWING RECEIPT OF REF (C) US ESCORT OFFICER DISCUSSED THE YOMIURI ARTICLE AND EMBASSY CLARIFICATION OF ARTICLE WITH WAKO OF MAFF. WAKO ASSURED OFFICER THAT THE PROPOSAL IS ONLY DESIGNED TO PROVIDE MORE TIMELY AND ACCURATE DATA ON THE SUPPLY/DEMAND SITUATION. HE INSISTED THAT THERE IS NO INTENTION ON PART OF GOJ TO INSTITUTE IMPORT CONTROLS ON LUMBER. HE STATED MAFF IS RESPONDING TO PRESSURE FROM PRIVATE SECTOR AND THE DIET TO PREVENT A RECURRENCE OF LAST YEAR'S OVERLY OPTIMISTIC DEMAND FORECAST WHICH LED TO EXCESSIVE IMPORTS AND RESULTING PRICE INSTABILITY. US OFFICER EXPRESSED CONCERN THAT THE MEASURE MAY GIVE SUPPLIERS THE WRONG IMPRESSION AND BE INTERPRETED AS SUPPORTING THE VIEW THAT AS JAPAN ELIMINATES ONE TRADE BARRIER IT ERECTS ANOTHER. HE STATED US IS VERY CONCERNED ABOUT ANY POSSIBLE RESTRICTION ON THIS TRADE.

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10. THE JAPANESE DELEGATION INFORMED US SIDE THAT CONTRARY TO INFORMATION IN REF (D) THEY DO NOT EXPECT A DECLINE IN DEMAND FOR IMPORTED FOREST PRODUCTS. ALTHOUGH GOJ PROJECTS THAT JAPAN WILL BE ABLE TO SUPPLY AN INCREASING PERCENTAGE OF TOTAL FOREST PRODUCTS, DEMAND IS EXPECTED TO INCREASE AT A RATE WHICH WILL KEEP IMPORTS AT THE PRESENT LEVEL.

11. A NUMBER OF JAPANESE PRIVATE SECTOR PARTICIPANTS INDICATED THAT THEY FOUND PRODUCTS WHICH MAY BE APPROPRIATE FOR JAPAN. THEY EXPECT TO INITIATE COMMERCIAL

CONTACTS IN THE NEAR FUTURE.

12. WASHINGTON PARTICIPANTS WISH TO THANK ALL OFFICERS AT EMBASSY TOKYO FOR THEIR EFFORTS WHICH RESULTED IN A SUCCESSFUL VISIT. CHRISTOPHER

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## Message Attributes

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**Copy:** SINGLE  
**Draft Date:** 15 jul 1978  
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